

# CRO Set Aside Committee Meeting

Thursday, December 11, 2008

10:00 a.m.

Purchasing Operations Library

Stevens T. Mason Building

Michigan Department of Management and Budget

---

## Meeting Minutes

Committee Chairman David Price called the meeting to order.

**Committee Members Present:** Bill Leavell, Butch Ellis, Cheryl Mattson, Kristi Thompson, Laura Hischke, and David Price

**Guests Present:** Darlene Roller, Noah Belanger, and Jo Sinhu, Peckham, Tom McNally, Gateway, Kurtis Fraaza, MRC Industries, Mark Brown, Thumb Industries, Jon Smalley, MHSA, and Mary Lewis DMB/Purchasing

Recording Secretary – Karen Stevens, MARO Employment and Training Association

### Review of September 4, 2008 minutes

**MOTION** To approve the September 4, 2008 minutes as presented.

**Carried**

### Purchasing Update, Kristi Thompson

We are in the developmental phase of organizing a CRO outreach event. The CRO's can share with State departments what products or services they have to offer. It was suggested that they consider adding Contracting 101 or something similar. MPPOA has a reverse trade show. The State offices are at the exhibit tables and the vendors visit the tables to explain their products. No date has been set, but they will let everyone know as soon as one is confirmed.

Various bids are moving along.

A bid site has been set up called BidNet. It was launched a few weeks ago. The CROs register and in the future will receive notification of upcoming bids. It was confirmed by one of the attendees that registration was easy to complete.

### Set Aside Requests

GTI, Steve Perdue. GTI presently provides plastic trash bags as part of a set aside contract. They are interested in pursuing a contract for providing toilet paper. GTI would buy the paper in bulk from a Michigan mill. They would then roll & package the toilet paper and supply it to Evans Products, the current supplier to the State. Steve would like to attend the March meeting to present the details of this proposal. Kristi would invite Tony DesChenes to the meeting. Kristi covers the services area and this would be a supply. More than likely this would have to be a competitive bid since the State would not be able to dictate where Evans Products purchases the toilet paper.

Kristi reported that the Department is not approving the request from Lakestate Industries presented at the September meeting. At this time there are more than 50% of the contracts in this region on set aside and, therefore, Lakestate's request has not been approved.

When questioned who developed this 50% restriction, Kristi informed the committee the Department has to balance the portfolio between small business, persons with disabilities, and disabled veterans. The percentages are one way for them to accomplish this. The department would like the percentage of set aside contracts to be reduced to 35% of available contracts.

Peckham has also requested that the new State Police building be put on set aside. This request was not approved. The justification for the denial is the Harrison Road location is not closing and will remain on Set Aside.

MMI requested to set aside the DHS building in Isabella/Gratiot/Montcalm locations. This request was not approved due to the 50% of the buildings in the region being on set aside currently.

As the Chairman of the Committee, David expressed concern that the Department is trying to block new Set Aside contracts. He would like to go on the record and bring to a vote that the Lakestate, the Peckham, and the MMI buildings be put on Set Aside. The law requires goods and services shall be set aside if competitive.

Discussion regarding the State Police building continued. This building may be leased for at least one year, and janitorial may be included in the lease. The existing contract will remain on Set Aside as long as the building is in use.

After the clarification of the State Police building, David reconsidered and removed the State Police building from his request.

<p><b>MOTION</b> Strongly recommend that the two requests, Lakestate and MMI, be considered to be put on Set Aside <b>Carried</b></p>
---

### **Public Comment**

Mark Brown from Thumb Industries: "We were wrongfully disqualified from bidding on a building they have been cleaning for 20 years. They were unaware of a prequalification meeting until the day of the meeting and they were unable to attend. This contract represents 38% of their janitorial services. Unemployment in this area is very high, especially among persons with disabilities."

Response from Kristi: The procedures have to be followed. Purchasing follows the same procedures for all bidders. This is what keeps the integrity of the process. Perhaps in the future the BidNet system will help.

Butch: As a committee, we could develop a checklist for the CRO's to assist them with the new procedures.

Kurtis from MRC Industries: Are these percentages a way of setting an unofficial freeze for new contracts?

Response from Kristi: There is not an unofficial freeze. In areas where we have fewer contracts we would like to increase them; however, if the percentage of contracts is 50%, we will not approve any new contracts.

Tom McNally, Gateway: CROs have an expertise in the janitorial area. Perhaps it would be more fair if all State contracts were considered as the whole as opposed to considering janitorial contacts as the whole. Also to be considered is the percentage of people with disabilities that are unemployed compared to the unemployment percentages of other groups. Most CROs do not manufacture "things". They sub for other local manufacturers. The CROs best service is janitorial.

Laura: One option might be to extend the pricing through the MiDEAL. Tony runs the MiDEAL program. Schools are looking to contract out food services and janitorial services. These contract offers can be found through the rfp depot.

Jo, Peckham: I agree with everything Tom said. Focusing on one area of service instead of all services is an injustice to people with disabilities. The legislative body's intention was to help the disabled population by setting contracts aside. That's why the law was established. The development of these percentages goes against their intention. As far as the State Police building goes, Peckham was trying to be proactive. It does look like the building on Harrison is closing in the near future. When it does close, the new building will not be on set aside.

The State has been moving locations, opening new and closing old buildings. Set Aside is getting caught in the middle. We are losing the closed and not getting the new.

David asked Kristi how many of the pre qualifications came from each of the three groups, Disabled Veterans, Small Business, and CROs? Also, what is the total amount of set aside contracts compared to the total of the Purchasing Department contracts? She will make those numbers available.

Pre qualification is for a term of 6 years with an annual refresh for new businesses. CROs are able to bid on any contract.

#### **Old Business**

We will postpone the Operations Manual amendments until we reach Fair Market Price methodology. Fair Market Price methodology is at a stand still. They are reviewing BOMA, which is a standard setter for fair market price.

Anyone that might be interested in presenting at the outreach event should contact Kristi.

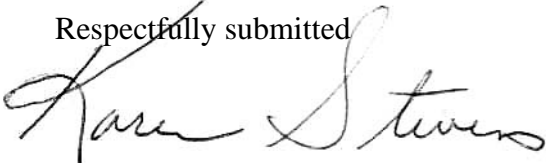
#### **New Business**

None

**Next meeting is scheduled for Thursday, March 12, 2009, 10:00 am, to be held in the Purchasing Operations Library.**

Adjourned.

Respectfully submitted



Karen Stevens  
Recording Secretary